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CITY OF VANCOUVER

MEMORANDUM

From: CITY CLERK

Date: 15 August 1985

To: CITY MANAGER
DIRECTOR OF PLANNING
DIRECTOR OF LEGAL SERVICES

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Subject: AFFORDABLE HOUSING PROGRAMS IN OTHER CITIES AND APPLICABILITY TO VANCOUVER

Please be advised that City Council at its meeting on Tuesday, August 13, 1985, approved the recommendations of the Community Issues Committee as contained in its attached report dated August 1st, 1985, with regard to the above matter.

A member of Council suggested that as Seattle's by-law has only recently been passed, the visit approved in recommendation "B" be delayed to enable Council to benefit from Seattle's experience with this by-law.

CITY CLERK

GLevine:mfm
Att.

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86-02492/

Report to Council
Standing Committee of Council on Community Issues
August 1, 1985

2. Affordable Housing Programs in Other Cities and Their Applicability to Vancouver

The Committee considered a Manager's Report dated May 29, 1985 (on file) in which the Director of Planning responded to Council's instruction of April 1984, dealing with housing in East False Creek, that civic staff report back on affordable/non-market/market housing policies initiated in other cities (i.e. San Francisco, Seattle, Toronto) to determine possible application to Vancouver, including the Charter amendments required.

An earlier report on potential housing opportunities in the East False Creek zoning area, including potential development on City-owned lands and non-market housing development, was presented to Council in March 1985.

The Director advised the research for the report now before the Committee focussed on programs to obtain:

- affordable/subsidized middle and low income housing;
- in inner city/central areas; and
- primarily via the private market - i.e. via land use provisions and incentives as a supplement to or in place of government subsidy.

Appendices to the report contained:

Appendix I - Charts comparing affordable housing programs in central city areas of Toronto, Seattle, San Francisco and Vancouver.

Appendix II - Summary of features of inclusionary housing programs in California.

Appendix III - A chart showing inclusionary housing in major urban redevelopment projects in several cities.

The report detailed findings following study of affordable housing programs in the cities of Toronto, Seattle and San Francisco, and noted the differences between Vancouver and those cities, i.e.

- The U.S. cities often derive legal and other support for their housing programs from environmental impact legislation. Environmental impact statements (EIS's) are required for large projects and incorporate displacement as one of the categories which must be addressed. The study results are then used to set conditions for development. Furthermore, citizen groups can appeal EIS's to the courts, thus creating costly delays which developers sometimes prefer to avoid by agreeing to conditions or to entire inclusionary programs early on.

- U.S. cities also have more financial tools than Canadian. They often support their housing programs with municipal funds used to provide mortgage and other assistance and raised by tax-exempt revenue bonds. The interest on municipal bonds is exempt from senior government taxes and thus the cities can offer a lower interest rate. (Montgomery County, Maryland, which has one of the most successful inclusionary housing programs, also raises its own housing funds by a 4 percent tax on the sale of converted condominium units.)

- San Francisco and Toronto (i.e., Ontario) have rent controls. (In the U.S. some states have passed enabling legislation to allow cities to impose rent controls.)

Clause No. 2 Continued

- San Francisco and Seattle require one-for-one replacement of units lost through demolition. This seems to be presently beyond the legal powers of Toronto and Vancouver.

- All three of the other cities have been pursuing various forms of inclusionary housing programs to replace and/or supplement decreasing government subsidies. As described above, these are primarily office-housing linkage programs: incentives encourage the provision of low and moderate income housing as a condition of office development. (Vancouver's experience with inclusionary housing is described in the next section of this report.)

- All of the other cities make use of off-site, pay-in-lieu, and other options (such as land contributions) for affordable housing obtained through inclusionary programs and negotiations. Some of these options would clearly require Charter amendments for Vancouver (such as a pay-in-lieu option incorporated into the zoning), while others may be within our powers; further investigation is recommended at the end of this report.

In conclusion, the Director of Planning noted the cities studied have, like Vancouver, directly assisted in affordable housing production by utilizing senior government subsidies. But, also like Vancouver, they find themselves still with a gap between the need for affordable housing and the available units. At the same time, they, too, are anticipating decreasing senior government subsidies.

In response to this situation, these cities have increasingly turned to inclusionary-incentive affordable housing programs, i.e. programs which offer incentives to the private sector to play a role in the provision of affordable housing. These inclusionary programs are variations of three types:

- ongoing programs (such as affordable housing bonuses in the zoning) to encourage the provision of affordable housing units with other residential development;
- similar programs to encourage the provision of affordable housing units when office development occurs; and
- ad hoc negotiations to require affordable units as part of major upzonings and redevelopments.

The cities themselves also continue to play an active role in inclusionary programs by providing incentives, linking available subsidies to inclusionary units, monitoring the results, and continuing to refine the programs to ensure their success. If a program is not successful in producing housing units or is challenged in the courts, these cities adjust the program to meet the challenges. As well, the cities provide options to developers to obtain the incentives and provide the affordable housing units; available alternatives to actually constructing the affordable units as part of the development include off-site development, pay-in-lieu provisions, donation of land, and rehabilitation of existing affordable units.

Clause No. 2 Continued

In Vancouver, many of the same principles which underlie the programs in other cities have already been introduced through the Vancouver Plan's description of the link between office growth and housing demand and through inclusionary programs, such as South False Creek and Southeast Granville Slopes. In light of our similar situation to the other cities, the Director of Planning considers it worthwhile to pursue further the merits for Vancouver of providing incentives to encourage the involvement of the private sector in the provision of affordable housing.

The Director of Planning recommended a further report back on the feasibility of proposals for inclusionary-incentive housing policies and the necessary Charter amendments or legislative changes required. It was also recommended Council members and staff visit Seattle in response to an invitation from that City's Mayor's Office to discuss the new Seattle Downtown Plan and Housing Bonus Program.

Ms. Rhonda Howard, Central Area Planning Division, reviewed the report, noting staff were recommending as a follow-up to the request that existing policies be examined to pinpoint why some are more successful than others and what additional policies could be developed.

Members of the Committee noted the current uncertainty about future housing programs due to the changing Federal and Provincial roles. With the Province assuming more control of housing, it might be an appropriate time for the City to negotiate Charter amendments to enable Council to develop more effective incentive policies. However, a member noted there were significant differences between cities and it was questionable whether the experience of other cities would have merit for Vancouver where inclusionary zoning had been in effect for a decade and had been an abysmal failure. A greater effort should be made to define objectives and what the City hoped to accomplish.

It was

RECOMMENDED

COUNCIL
13 AUGUST 1985

APPROVED.

A. THAT Council instruct the Director of Planning, in consultation with other officials, to report back on the feasibility of proposals for inclusionary-incentive housing policies, including:

i) office-housing linkage programs;

ii) inclusionary housing programs for residential development;

iii) inclusionary housing requirements in significant upzonings or major urban redevelopment plans;

iv) provisions for off-site and pay-in-lieu options where appropriate; and

v) the potential role of the City Housing Corporation in implementing such policies.

Clause No. 2 Continued

COUNCIL
13 AUGUST 1985

FURTHER THAT the Director of Planning, in consultation with the Director of Legal Services, report on the necessary Charter Amendments or other legislative changes required as a consequence. — APPROVED.

B. THAT Council request the Director of Planning to arrange a visit to Seattle for interested Council members and appropriate staff, in response to the invitation from the Mayor's Office in Seattle, to discuss the new Seattle Downtown Plan and Housing Bonus Program. — APPROVED.

(Aldermen Campbell and Ford opposed to A(v))

SUPPORTS ITEM NO. 1
COMMUNITY ISSUES
AGENDA - AUGUST 1, 1985

MANAGER'S REPORT

DATE May 29, 1985

TO: Standing Committee of Council on Community Issues

SUBJECT: Affordable Housing Programs in Other Cities and Applicability to Vancouver

CLASSIFICATION: RECOMMENDATION

The Director of Planning reports as follows:

"PURPOSE

In April 1984, in response to concerns about the need for affordable housing in East False Creek, and the apparent limited ability of the City to obtain this, Council passed two motions:

> 'THAT Civic staff be instructed to examine potential housing opportunities in the zoning area including potential development on City-owned lands and non-market housing development.'
>
> 'THAT Civic staff be instructed to report back on affordable/non-market/market housing policies initiated in other cities (i.e. San Francisco, Seattle, Toronto) to determine possible application to Vancouver including the Charter amendments required.'

The first of these reports was presented to Council in March 1985. The purpose of this report is to respond to Council's second resolution.

In light of the situation and concerns leading to Council's resolution, the research for this report has focussed on programs to obtain:

- affordable/subsidized middle and low income housing;
- in inner city/central areas;
- primarily via the private market - i.e., via land use provisions and incentives as a supplement to or in place of government subsidy.

By concentrating on affordable housing, this report has not covered programs to obtain housing in general (such as Vancouver's downtown housing bonus whereby a developer is granted additional commercial floor space if residential units are built). Information on such programs in other cities can be found in the Vancouver Plan background report, Core Planning in Nine Major North American Cities.

The research for this report provides three brief case studies of central city affordable housing programs: Seattle, San Francisco, and Toronto. These were the cities mentioned in Council's resolution and, taken together, they give a good overview of the range and types of housing programs underway in cities comparable to Vancouver -- that is, cities ranging in population from 1/2 to 3/4 million and with attractive residential areas and high growth office cores. In addition to the case studies, valuable information was provided by a just-published book on affordable housing, Inclusionary Housing Programs: Policies and Practices (Rutgers University, New Jersey, 1984).

Inclusion has been generally defined as the use of zoning to include rather than exclude the poor, and inclusionary housing programs in particular are land use provisions which require and/or encourage developers to provide low and moderate income units. Programs range from mandatory to voluntary inclusion and from those without much in the way of incentives for the developer, to the more commonly used programs which utilize bonuses, rent supplements, and any other incentives and assistance which can be provided to encourage successful use of the program.

The case study approach and other new information on affordable housing programs thus serve to expand upon and up-date the last report to Council on this subject: the 1982 Rental Housing Report which was a comprehensive document investigating, among a variety of housing data and concerns, programs for the provision of affordable rental housing through the private sector, but concluding that at that time various non-market programs (i.e. government subsidy) were most effective.

The appendices to this report contain:

Appendix I: Charts comparing affordable housing programs in central city areas of Toronto, Seattle, San Francisco, and Vancouver.

Appendix II: Summary of features of inclusionary housing programs in California.

Appendix III: A chart showing inclusionary housing in major urban redevelopment projects in several cities.

FINDINGS: SEATTLE, TORONTO, SAN FRANCISCO

- **Cities Have a Range of Programs Within Similar Categories**

  Provision of affordable housing is a major goal of the plans of all these cities. Cities in both Canada and the U.S. concentrate their housing efforts on supply-side programs (that is, programs which will provide actual housing units) rather than demand-side programs (programs which provide increased incomes for households to afford existing housing). The cities often lobby senior governments, as does Vancouver, for the latter.

  All the cities surveyed aim their housing programs at two aspects of housing:

  - Saves: preservation of existing affordable units, and
  - Starts: addition of new affordable units.

  Within these two categories the types of programs are similar: strata title conversion control, demolition control, inclusionary housing, etc., although each city has a somewhat different program within each of these categories, and the programs vary in strength from city to city. (See Appendix I for details on programs.)

  The cities surveyed are continually developing and refining affordable housing programs. Programs change and adjust over time to keep abreast of legal challenges and evaluations of program success.

- **Decrease in Senior Government Funding Turns Cities to Private Market Programs**

  In common with Vancouver, the cities investigated for this report are experiencing both affordability problems and concern and uncertainty about decreasing senior government funding for non-market programs. A statement from a Toronto City Planning Department 1982 report Confronting the Crisis describes the concerns of all of these cities: '... low and moderate income households are being displaced from the city's moderate rental stock and new private accommodation is usually beyond their means. Assisted housing production has been unable to keep up with the obvious need.'.

  Therefore, although all of these cities utilize non-market programs which use senior government subsidies, the cities have also turned to the private sector for assistance -- some, as in California, with explicit encouragement from the state in the form of enabling legislation and model zoning ordinances.

- **The Trend is to Inclusionary Programs - Often Connected with Office Development**

  Within each city's package of programs at any given time, there are some which are not as successful and others which seem to be the city's key program. All of the current 'key' programs involve some form of inclusion, either as an ongoing program or as a requirement in ad hoc negotiations.

  The inclusionary programs in the three cities surveyed are often attached to commercial developers instead of to residential developers, as most cities have far more office growth than residential growth. These are then known as office/housing linkage programs. Boston, too, has just begun an office/housing linkage program and New York City has set up a task force to investigate such a program. The planning rationale for office/housing linkage programs is familiar in Vancouver from the Vancouver Plan document. The argument is that increasing core office employment growth means more employees which in turn means a greater demand for city housing (and/or for transportation to take people to the core

from suburban housing). In U.S. cities, where environmental impact statements are often a basis of planning action, this rationale is sometimes expanded to address not only housing in general, but affordable housing, since the greater housing demand can lead to rising housing prices. Therefore, the cities develop programs to link the office development not only to housing supply in general, but also to affordable housing specifically.

- **Incentives/Bonuses are Desirable Components of Inclusionary Programs**

In the three cities surveyed, the inclusionary program also is usually connected to an incentive of some sort. In San Francisco, all major office developers are required to provide housing, but each low income unit is worth more housing 'credits' than a moderate income unit and even more credits are earned if no government subsidy is needed to provide the low income unit. In Seattle, the new Housing Bonus Program for office means that the maximum f.s.r. for office development can only be achieved by providing affordable housing.

In other cases, instead of an ongoing inclusionary program, the provision of affordable housing is agreed to by the developer as a result of negotiations with the city for upzonings. This is the case in Toronto where zoning and official plan amendments have been approved for individual higher density office projects, with the developer contributing to the provision of affordable housing. Appendix III provides examples of this type of approach applied to major redevelopment projects in a number of cities.

As well as incentive provisions, the cities surveyed all offer alternatives to the developer in addition to building new housing units directly, such as off-site, pay-in-lieu, rehabilitation of existing affordable housing, and donation of land for housing. Such provisions can be particularly suitable for small sites or in cases where there is uncertainty that a particular subsidy program for new housing construciton will be available in the future.

- **Some Results of Inclusion Are Already Evident - Often as a Supplement to Government Subsidies**

San Francisco's prototype office-housing linkage program has been in place long enough for its sponsors to be very happy with its success: $23 million of housing has been generated with 90 percent of it for low and moderate income housing - sometimes but not always dependent upon senior government subsidy programs. Seattle's program is brand new and designed not to depend on government subsidies. An evaluation clause is contained in the Downtown Plan (1984) to indicate the program's expected housing results, with a proviso that the system be adjusted if this result is not achieved by the time a specified amount of office development has occurred. Toronto is in the midst of questioning its earlier downtown plan and meanwhile is involving inclusionary requirements in individual negotiations for upzonings for office developments which exceed the plan's limits.

Seattle and San Francisco try to design their inclusionary zoning to provide results regardless of whether senior government housing programs exist, although they also link the inclusionary zoning with subsidies if and when they are available. Toronto relies more heavily on receiving senior government subsidies. In any of these cities, the developer's contribution through the inclusionary program thus makes limited government subsidies go farther. Inclusionary units are often coupled with rent supplements; this may avoid the usual concern about the inflationary impact of rent supplements.

DIFFERENCES FROM VANCOUVER

Vancouver, too, has a range of programs in categories similar to the other three cities surveyed. However, there are also some interesting differences between Vancouver and some or all of the other cities. Sometimes these reflect U.S. - Canada differences and sometimes not. Highlights of the differences are noted below, starting with U.S. - Canada differences, then noting programs applicable to only two of the three cities surveyed, and finally describing programs or elements which exist in all three of the cities, but not in Vancouver.

- The U.S. cities often derive legal and other support for their housing programs from environmental impact legislation. Environmental impact statements (EIS's) are required for large projects and incorporate displacement as one of the categories which must be addressed. The study results are then used to set conditions for development. Furthermore, citizen groups can appeal EIS's to the courts, thus creating costly delays which developers sometimes prefer to avoid by agreeing to conditions or to entire inclusionary programs early on.

- U.S. cities also have more financial tools than Canadian. They often support their housing programs with municipal funds used to provide mortgage and other assistance and raised by tax-exempt revenue bonds. The interest on municipal bonds is exempt from senior government taxes and thus the cities can offer a lower interest rate. (Montgomery County, Maryland, which has one of the most successful inclusionary housing programs, also raises its own housing funds by a 4 percent tax on the sale of converted condominium units.)

- San Francisco and Toronto (i.e., Ontario) have rent controls. (In the U.S. some states have passed enabling legislation to allow cities to impose rent controls.)

- San Francisco and Seattle require one-for-one replacement of units lost through demolition. This seems to be presently beyond the legal powers of Toronto and Vancouver.

- All three of the other cities have been pursuing various forms of inclusionary housing programs to replace and/or supplement decreasing government subsidies. As described above, these are primarily office-housing linkage programs: incentives encourage the provision of low and moderate income housing as a condition of office development. (Vancouver's experience with inclusionary housing is described in the next section of this report.)

- All of the other cities make use of off-site, pay-in-lieu, and other options (such as land contributions) for affordable housing obtained through inclusionary programs and negotiations. Some of these options would clearly require Charter amendments for Vancouver (such as a pay-in-lieu option incorporated into the zoning), while others may be within our powers; further investigation is recommended at the end of this report.

INCLUSION IN VANCOUVER AND AFFORDABLE HOUSING BONUSES

Vancouver has relied -- with some success in the past -- mostly on supporting the federal housing subsidy programs through our land leasing program thus making a direct link between the federal, municipal, and non-profit sectors rather than involving the private development sector through inclusionary programs. However, Vancouver has had some experience with various forms of inclusionary housing, though has not connected it with office development nor put as much emphasis on inclusion.

.n False Creek South and Southeast Granville Slopes, major urban redvelopment projects provided an opportunity to designate new residential land use and at the same time to require low and moderate income housing. In these cases, the land owner's/ developer's role is to provide the land at an appropriate price to accommodate the CMHC subsidy programs.

Southeast Granville Slopes is the only area in Vancouver where a pay-in-lieu option is available, if no government subsidies are available. This is in part because the inclusionary housing agreement between the City and B.C. Place is not provided via the zoning, but via a separate legal agreement. (The City does not have the Charter authority to provide this option in the zoning.) It is too early yet to judge the results in Southeast Granville Slopes as development there has not yet begun.

In most of False Creek South, the inclusionary program owes its great success to the City's land ownership and commitment to the goal of achieving a mixed income community and to the existence of adequate senior government housing subsidies. On the Imperial Ventures site, the combination of government subsidies and a single large redevelopment (700 units) also led to success on the part of the private sector in fulfilling the Area Development Plan's requirement to provide a minimum of 25 percent non-market housing.

Different from the redevelopment areas in False Creek north and south are the inclusionary programs in the RM-3A1/3B areas and in the Downtown-Eastside. These inclusionary programs are more familiarly known as housing bonuses because, rather than requiring affordable units, the zoning offers a bonus to developers providing such units. In the Downtown-Eastside, the program is tied directly to senior government funding and with small sites and no pay-in-lieu or off-site options, no new units have been provided except in social housing projects (although the Downtown-Eastside zoning was preservation-oriented from the beginning).

RM-3A1/3B is the City's only attempt to encourage inclusionary units in private sector housing without relying on Federal government subsidies. Almost no units resulted, for a host of reasons which have been documented elsewhere (see 1982 Rental Housing Report, Appendix 5D) and which could serve as lessons to guide the development of more successful inclusionary programs in the future.

The Director of Planning's April report on the Federation of Canadian Municipalities Housing Initiatives informed Council that Federal housing programs are likely to be decentralized, with the provinces assuming increased responsibility for social housing policy development and program delivery. The City and Province have agreed to consult on new program directions and to develop programs which encourage co-operative initiatives between the public and private sectors to address unmet housing needs. These could include a shared City inclusionary-incentive zoning - Provincial rent supplement program.

CONCLUSIONS

Council's motion asked that the information on housing programs in other cities be used to determine possible application to Vancouver.

Vancouver has been relying for construction of new affordable housing mostly on senior government subsidy programs linked directly with non-profit groups which sponsor the housing. In many cases, the City in its role as a landowner has sold, or more recently leased, the land, sometimes at a write-down to accommodate CMHC cost limits. Less frequently has the City utilized inclusionary programs to require or encourge private landowners/developers to supplement the government subsidies.

The other cities surveyed for this report have, like Vancouver, directly assisted in affordable housing production by utilizing senior government subsidies. But, also like Vancouver, they find themselves still with a gap between the need for affordable housing and the available units. And, at the same time they, too, are experiencing or anticipating decreasing senior government subsidies.

In response to this situation these cities have increasingly turned to inclusionary-incentive affordable housing programs -- i.e., programs which offer incentives to the private sector to play a role in the provision of affordable housing. These inclusionary programs are variations of three types: ongoing programs (such as affordable housing bonuses in the zoning) to encourage the provision of affordable housing units with other residential development, similar programs to encourage the provision of affordable housing units when office development occurs, and ad hoc negotiations to require affordable units as part of major upzonings and redevelopments.

The cities themselves also continue to play an active role in inclusionary programs by providing incentives, linking available subsidies to inclusionary units, monitoring the results, and continuing to refine the programs to ensure their success. If a program is not successful in producing housing units or is challenged in the courts,

these cities adjust the program to meet the challenges. As well, the cities provide options to developers to obtain the incentives and provide the affordable housing units; available alternatives to actually constructing the affordable units as part of the development include off-site development, pay-in-lieu provisions, donation of land, and rehabilitation of existing affordable units.

In Vancouver, many of the same principles which underlie the programs in other cities have already been introduced through the Vancouver Plan's description of the link between office growth and housing demand and through inclusionary programs, such as South False Creek and Southeast Granville Slopes. In light of our similar situation to the other cities, the Director of Planning considers it worthwhile to pursue further the merits for Vancouver of providing incentives to encourage the involvement of the private sector in the provision of affordable housing.

RECOMMENDATIONS

The Director of Planning therefore recommends:

A. THAT Council instruct the Director of Planning, in consultation with other officials, to report back on the feasibility of proposals for inclusionary-incentive housing policies including:

(i) office-housing linkage programs;
(ii) inclusionary housing programs for residential development;
(iii) inclusionary housing requirements in significant upzonings or major urban redevelopment plans;
(iv) provisions for off-site and pay-in-lieu options where appropriate;
(v) the potential role of the City Housing Corporation in implementing such policies; and

FURTHER THAT the Director of Planning, in consultation with the Director of Legal Services, report on the necessary Charter Amendments or other legislative changes required as a consequence.

B. THAT Council request the Director of Planning to arrange a visit to Seattle for interested Council members and appropriate staff, in response to the invitation from the Mayor's Office in Seattle, to discuss the new Seattle Downtown Plan and Housing Bonus Program. "

The City Manager RECOMMENDS that the foregoing recommendations of the Director of Planning be approved.

APPENDIX I

AFFORDABLE HOUSING PROGRAMS

VIA THE PRIVATE SECTOR

IN CENTRAL CITY AREAS

- Toronto
- Seattle
- San Francisco
- Vancouver

DOWNTOWN AFFORDABLE HOUSING PROGRAMS VIA THE PRIVATE SECTOR

CITY: San Francisco

GENERAL OBJECTIVES: Off-set the impacts of downtown growth. ("The Downtown Plan - Proposal for Citizens' Review", 1983.)

KEY PROGRAM: Office Housing Production Program: requiring office developers to provide housing, and extra housing "credits" earned by providing low and moderate income housing.

	PROGRAM BY-LAW	MAIN FEATURES	OTHER FEATURES/COMMENTS
PRESERVE/REPLACE EXISTING UNITS			
DEMOLITION CONTROL	RESIDENTIAL HOTEL UNIT & APARTMENT UNIT CONVERSION & DEMOLITION ORDINANCE	Requires one-for-one replacement of units lost through change of use, upgrading, or demolition	. off-site & pay-in-lieu options . began with system of identifying unit types: residential vs. tourist: all residential units protected even if in hotels . includes tenants rights and rent control and maintenance requirements
	NORTH OF MARKET REZONING	Requires existing units to be retained or replaced with comperable units	. more stringent version of Residential Hotel unit Ordinance . off-site option as long as elsewhere in the same neighbourhood, but pay-in-lieu not allowed . funds for this study came from 3 hotels as a condition of their approval because of impact on displacement (Environmental Impact Studies)
CONDOMINIUM CONVERSION CONTROL	SUBDIVISION CODE: STRATA TITLE REGULATIONS	Establishes quota of 200 units/year and majority of tenants must be in favour	. regulations also provide for existing low and moderate income units to be retained but this has not worked and is under study by a Task Force
OTHER CONVERSION CONTROL	included in RESIDENTIAL HOTEL UNIT & APARTMENT UNIT CONVERSION & DEMOLITION ORDINANCE	see above	see above
MAINTENANCE REQUIREMENTS	included in RESIDENTIAL HOTEL UNIT ORDINANCE	see above	see above
REHABILITATION FUNDING	RAP	Mostly Federal funds for housing rehabilitation code enforcement	. concern that this only speeds up gentrification, from which no areas in San Francisco are considered "safe"
RENT CONTROL	RENT STABILIZATION ORDINANCE	Rent controls: current annual rent increase 4 - 4.5%	. also applies to long term residents of hotels and rooming houses

CITY: San Francisco

	PROGRAM BY-LAW	MAIN FEATURES	OTHER FEATURES/COMMENTS
OTHER	HEIGHT BONUS . NORTH OF MARKET	Conditional approval of extra height if developer pays per square foot fee, which goes into a fund to stabilize and rehabilitate existing affordable housing	. funds can be used only in this neighbourhood; can be used for variety of housing initiatives, with or without additional subsidies.
ADD NEW UNITS			
INCLUSION	SUBDIVISION CODE	Requires 10% of new units to be low and moderate income	. off-site & pay-in-lieu options . but -- dependent on senior government housing subsidies
	MISSION BAY	Requires 33 percent subsidized units for this 200-acre (former industrial) waterfront redevelopment (out of total of 7,577 units)	. subsidy of $21,000 per unit to come from City and developer each
	OFFICE HOUSING PRODUCTION PROGRAM	Requires office developers to provide housing; extra housing credits earned by providing low and moderate income units and more credits if no government subsidy required	. off-site and pay-in-lieu options . $23 M so far . 90% of the money so far has gone for low & moderate income housing
OTHER	LOWER OR MORE FLEXIBLE REQUIREMENTS . VANNESS . RINCON HILL . NORTH OF MARKET	Permits smaller units, less parking, etc. to create lower cost units	
OTHER: DIRECT PUBLIC ACTION			
ASSISTED HOUSING	CITY BONDS AND CITY HOUSING FUNDS		. includes contributions from pay-in-lieu option of other programs

DOWNTOWN AFFORDABLE HOUSING PROGRAMS
VIA THE PRIVATE SECTOR

CITY: Seattle

GENERAL OBJECTIVES: Preserve existing supply of low income housing and greatly increase the supply of housing affordable to the average downtown worker ("Land Use & Transportation Plan for Downtown Seattle", 1984)

KEY PROGRAM: New incentives policies: Transfer of Development Rights and Housing Bonus: zoning has tiered far's: the maximum can only be reached via TDR or Bonus for affordable housing

	PROGRAM BY-LAW	MAIN FEATURES	OTHER FEATURES/COMMENTS
PRESERVE/REPLACE EXISTING UNITS			
DEMOLITION CONTROL	HOUSING PRESERVATION ORDINANCE	Requires replacement with equivalent housing, within 3 years, of units demolished or converted to non-residential use	. allows off-site and pay-in-lieu options . no bonuses until these requirements met . developer posts bond to ensure no default . pay reduced pay-in-lieu if new housing not equivalent
	ANTI-ABANDONMENT PROGRAM & HOUSING MAINTENANCE FUND (under study)	Would prohibit owners from closing buildings and if repair not economically feasible City would provide loans at terms to allow continued use as low income housing	. would also establish minimum maintenance requirements for downtown housing
CONDOMINIUM CONVERSION CONTROL	CONDOMINIUM ORDINANCE	For condominium conversions, requires notice to tenants, relocation payments, right of first purchase to existing tenants, and that building be up to code	. previously Seattle had a moratorium on conversions, but since then their impact on loss of affordable rental has died down
OTHER CONVERSION CONTROL	included in HOUSING PRESERVATION ORDINANCE	see above	see above
MAINTENANCE REQUIREMENTS	included in ANTI-ABANDONMENT PROGRAM	see above	see above
REHABILITATION FUNDING	FEDERAL HOUSING REHABILITATION PROGRAM	Similar to RRAP; administered by City	
RENT CONTROL			. Seattle has Just-Cause Eviction Ordinance which describes justifiable causes for eviction, but state enabling legislation does not exist to permit municipal rent control
OTHER	CONVENTION CENTRE IMPACT PAYMENT -- CONDITIONAL USE PERMIT -- ENVIRONMENTAL IMPACT	Requires payment for units lost through displacement	. based on Environmental Impact legislation which applies to all major projects: Environmental Impact Statement (EIS) must address displacement.

City: Seattle

	PROGRAM BY-LAW	MAIN FEATURES	OTHER FEATURES/COMMENTS
	TRANSFER OF DEVELOPMENT RIGHTS	Owners of existing low income housing may sell unused development rights for development elsewhere in the downtown as commercial use -- if existing housing maintained as low income	. owners required to use proceeds to bring housing up to code and to maintain existing low income housing (could be by selling to public or non-profit group) . maximum far on receiving site must remain within an established bonus limit which can only be earned via this housing TDR of Housing Bonus.
ADD NEW UNITS			
INCLUSION	INCLUSIONARY REQUIREMENT	Requires all new downtown housing with more than 20 units to provide at least 10% units for middle income households	. also part of new Downtown Plan . is not meant to rely on government subsidies . only for middle income housing, not low income
INCLUSION WITH BONUS	HOUSING BONUS PROGRAM	Requires new office development at maximum far to provide low and moderate income housing	. City to expedite approvals . allows off-site (elsewhere in downtown) & pay-in-lieu options . part of new bonus system through which maximum far can be achieved only through housing bonus or housing transfer of development rights . the housing is exempt from far, but regulated by set criteria . does not depend on government housing subsidies: calculated on value of bonus vs. cost of housing assistance . no bonus may be given when housing is demolished until Housing Preservation Ordinance requirements are met.
TRANSFER OF DEVELOPMENT RIGHTS	TRANSFER OF DEVELOPMENT RIGHTS	In mixed use areas, unused commercial development rights can be sold to a receiving site if the donor site provides housing, 50% of which must be for low and moderate income households	. receiving site must be in same block and is controlled by height and bulk regulations . no other TDR's allowed in mixed use areas except TDR from affordable housing
OTHER: DIRECT PUBLIC ACTION			
ASSISTED HOUSING	PUBLIC HOUSING	City via Seattle Housing Authority uses senior government funds to construct public housing -- and targets it to selected downtown areas	. City also raises money via Housing Program Bonds (like Vancouver's housing allocation in recent Capital plan) . business community also has non-profit housing arm: Seattle Housing Resource Group
OTHER	PUBLIC INVESTMENT PROGRAM	Describes investment program for proposed residential areas in the downtown	. new housing from other programs with off-site options will be targetted to these proposed residential areas

DOWNTOWN AFFORDABLE HOUSING PROGRAMS
VIA THE PRIVATE SECTOR

City: Toronto

GENERAL OBJECTIVES: The provision of decent housing to all residents, in a suitable living environment at prices which they can afford; the equitable distribution of housing to meet the needs of identified target income groups ("City of Toronto Official Plan", 1981)

KEY PROGRAM: Case-by-case negotiations to obtain money and/or sites for assisted housing in exchange for development rights.

	PROGRAM BY-LAW	MAIN FEATURES	OTHER FEATURES/COMMENTS
PRESERVE/REPLACE EXISTING UNITS			
DEMOLITION CONTROL	DEMOLITION CONTROL	City has power to prohibit demolition of a building for one year	. new provincial enabling legislation
CONDOMINIUM CONVERSION CONTROL	CONDOMINIUM CONVERSION POLICY	Prohibits conversions of rental to condominium unless Metro rental vacancy rate is at least 2.5%	. exception is luxury units for which rent exceeded $750 in August 1983
OTHER CONVERSION CONTROL	LUXURY RENOVATION CONTROL	Rezonings to permit apartment renovations not approved if likely to reduce moderate priced rental stock	. but -- luxury renovations can happen without rezonings
MAINTENANCE REQUIREMENTS	?		
REHABILITATION FUNDING	CHAP	Combines RRAP with extra Provincial funds	
RENT CONTROL	PROVINCIAL RENT CONTROL	6% limit on rent increase of apartments built before 1976	
ADD NEW UNITS			
INCLUSION			
INCLUSION WITH BONUS	CASE-BY-CASE REZONING NEGOTIATIONS	To obtain public benefits (i.e. sites or money for assisted housing) in exchange for upzonings for office development	. based on recognition that downtown fsr's may be in general too low . pay-in-lieu and off-site options
	BONUS DENSITY PROVISIONS OF OFFICIAL PLAN	Allows 25% bonus for housing if assisted housing units are also provided	. ineffective because: - for condominiums, the outright density is already too high to make use of the bonus - for rental, none being built and no rent supplement available

CITY: Toronto

	PROGRAM BY-LAW	MAIN FEATURES	OTHER FEATURES/COMMENTS
/THER	DEVELOPMENT LEVY (under study)	Would be similar to park levy, but to be used for housing	. would be about 2% of land value . would provide progressive source of revenue for purchase for City land for assisted housing . would still expect other funding (senior government) for housing units
OTHER: DIRECT PUBLIC ACTION			
ASSISTED HOUSING	HOUSING TARGETS	Targets for land assembly for assisted housing units	. depends on senior government funds
	ASSISTED HOUSING	City non-profit housing	. depends on senior government funds
	LAND BANKING	Self-sufficient fund for sites for non-profit housing	. depends on senior government funds for housing units
	BUILDING BANKING (under study)	Would acquire existing moderate income rental for eventual non-profit senior government funding	. depends on senior government funds

DOWNTOWN AFFORDABLE HOUSING PROGRAMS VIA THE PRIVATE SECTOR

CITY: Vancouver

GENERAL OBJECTIVES: Support Vancouver's social development as a city that is home to a wide variety of people with many different personal and group backgrounds and many different lifestyles. Provides a wide variety of housing cost and type to meet the shelter requirements of existing and future Vancouver residents ("Goals for Vancouver", 1980)

KEY PROGRAM: Property Endowment Fund and Social Housing Fund plus CMHC Section 56.1 (Note: compared to charts for the other three cities, Vancouver's key program does not involve the private sector.)

	PROGRAM BY-LAW	MAIN FEATURES	OTHER FEATURES/COMMENTS
PRESERVE/REPLACE EXISTING UNITS			
DEMOLITION CONTROL	DEMOLITION CONTROL (ZONING & DEVELOPMENT BY-LAW SEC. 10.12)	Requires development permit and building permit for new development before existing residential rental can be demolished.	. short-term protection
CONDOMINIUM CONVERSION CONTROL	STRATA TITLE CONVERSION REGULATIONS	Requires agreement of at least 2/3 of existing tenants in order to receive City approval, and levies a fee, held in a trust account, for relocation service	. but - new Residential Tenancy Act permits eviction notice to tenants before application for City Council approval; City is requesting amendment to Residential Tenancy Act and meanwhile the City considers, as part of approval process, whether owner has respected tenants' rights.
OTHER CONVERSION CONTROL	HOTEL CONVERSION CONTROL . HED . DEOD . FC-1	Prohibits or controls conversion of existing residential to hotel (or to other uses in DEOD)	. but - much low cost existing residential is already in hotels used for permanent accommodation
	CONTROL OF TEMPORARY USES	Ongoing work to distinguish permanent from temporary accommodation and to define rooming houses, HCB's, etc. to exclude temporary uses.	
MAINTENANCE REQUIREMENTS	STANDARDS OF MAINTENANCE BY-LAW & DOWNTOWN HOUSING IMPROVEMENT PROGRAM	Comprehensive program of inspection, by-law enforcement, and provision of funds through RRAP for hotels & rooming houses.	
REHABILITATION FUNDING	RRAP . OTES . Gastown	Federal funds, administered by the City, for housing rehabilitation (including rooming house/hotel units) in designated areas	

CITY: Vancouver

	PROGRAM BY-LAW	MAIN FEATURES	OTHER FEATURES/COMMENTS
RENT CONTROL			. not within City jurisdiction: requires Provincial legislation
ADD NEW UNITS			
INCLUSION	INCLUSIONARY REQUIREMENT . FCCDD . SEGS	Non-market housing required in South False Creek (FCCDD), and in SEGS via separate Non-Market Housing Agreement between City and B.C. Place	. SEGS agreement provides pay-in-lieu option after 2 years if no government programs available . FCCDD depends on senior government housing subsidies . both are large redevelopment sites
INCLUSION WITH BONUS	AFFORDABLE HOUSING BONUS . DEOD . RM-3A1/3B	Permits additional density if low income housing units provided	. DEOD bonus depends on senior government assisted housing funds; RM-3A1 and RM-3B bonus does not depend on senior government funds -- instead assumed "free land"; very little direct results from either
	RENTAL HOUSING BONUS . MED	Permits additional units per acre if 2-3 bedroom rental units are provided	
	HOUSING BONUS . CD	Permits additional commercial density if residential provided	. but not tied to affordable units
TRANSFER OF DEVELOPMENT RIGHTS			
OTHER: DIRECT PUBLIC ACTION			
ASSISTED HOUSING	TARGETS	City sets annual targets for assisted housing	. depends on senior government housing subsidies
	SOCIAL HOUSING FUND: LAND LEASE PROGRAM	Revolving fund which City uses to buy sites in advance for lease for assisted housing (sometimes at a write-down)	. depends on senior government housing subsidies
	CITY-OWNED HOUSING: NON-PROFIT HOUSING CORP.	City builds and manages several non-profit housing projects	. depends on senior government housing subsidies

APPENDIX II

Summary of Features of California Inclusionary Housing Programs

1. *Target percentage of lower-income units*	
10%	8
15%	5
20%	3
25%	3
Variable between 10% and 20%	6
Variable on other basis/negotiated	6
2. *Alternatives offered to inclusion of lower-income units*	
Payment of in lieu fee	9*
Transfer of credits	2
Off-site development of units	1
Payment or off-site development	2
Payment or donation of land	2
Transfer of credits or off-site development	1
NONE	13
3. *Controls on future occupancy and affordability*	
Resale controls	21
Minimum term of initial owner occupancy	2
No controls	3†
4. *Duration of controls*	
1-2 years (initial occupancy)	2
20 years	3
30 years	3
Over 30 years	4
5. *Occupancy preference*	
Work in community/area	2
Work or live in community/area	3
Live in community/area	1
Other priority rankings	2
NONE	10

Notes: *In two cases allowed only at option of municipality, not at developer's option
†Four additional municipalities indicated that, although they did not have provisions in place, they were going to establish resale controls in the near future.

Source: Survey of California Inclusionary Housing Program

NOTES: Over thirty California municipalities have inclusionary housing programs. California, with state enabling legislation and a state model inclusionary ordinance, has more than half of the inclusionary programs in the U.S. Other notable examples are New Jersey and Montgomery County, Maryland.

SOURCE: Inclusionary Housing Programs: Policies and Practices, Alan Maclach, Rutgers University, 1984.

APPENDIX III

INCLUSIONARY HOUSING IN MAJOR
URBAN DEVELOPMENT PROJECTS

CITY (Project Name)	TOTAL HOUSING UNITS	% OF NON-PROFIT OR AFFORDABLE	MECHANISM TO PROVIDE HOUSING
1. SAN FRANCISCO - MISSION BAY	7577	30% subsidized	$21,000/unit from City and developer each
2. TORONTO - HARBOUR FRONT	3240	30% low and moderate	CMHC - Co-op & Non-Profit Programs; developer provides land at CMHC guide-line price
- RAILWAY LANDS	5000	1/2 of residential land given to the City (16.2 acres can support 2000 units)	City given land by developer. City will either develop if funds available from CMHC or sell & develop non-profit housing elsewhere.
3. SEATTLE - PIKE PLACE MARKET	950	400 low 150 moderate	Various means, examples; - City owned land in the area sold to developer on the condition that 50% of units (60 units) would be low income. Private non-profit agency contributed $1 m and owns and operates units - pay-in-lieu funds from City housing fund (from bonus provisions of zoning) - Federal government housing subsidy money

INCLUSIONARY HOUSING IN MAJOR
URBAN DEVELOPMENT PROJECTS

CITY (Project Name)	TOTAL HOUSING UNITS	% OF NON-PROFIT OR AFFORDABLE	MECHANISM TO PROVIDE HOUSING
SAN DIEGO			
- MARINA AND COLUMBIA	2500 - 3000	15% low-moderate if privately developed 30% if developed by Redevelopment Agency (City is empowered to set up Redevelopment Agency by State Law)	Various means,examples; - City Redevelopment Agency sells land to non-profit group for $1.00 - Development Corp. responsible for development of area gets Federal funds to subsidize cost of construction or cost of land or both - Federal funds provide rent subsidy to renters who pay 30% of their income
VANCOUVER			
- FALSE CREEK SOUTH City Owned Land	1800	50% - 900 units	The City underwrote the land sold to non-profit developer by 1/2 of price. Developers then got CMHC subsiuy.
IMPERIAL VENTURES	700	25% - 175 units 70 family	Developer provided land and built project within CMHC guidelines then sold to Co-op and GVHC who received CMHC subsidy
OUTHEAST GRANVILLE SLOPES (B.C. PLACE)	approx. 600	60 units non-market (approx. 10%)	B.C. Place to provide land at CMHC guideline price to receive subsidies or if no subsidy available B.C. Place to pay $450,000 into City Non-Profit Housing Fund.